

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



RESTRICTED
E/CEPAL/R.227/Add.3
August 1980
ENGLISH
ORIGINAL: SPANISH

CEPAL

Economic Commission for Latin America

ECONOMIC SURVEY OF LATIN AMERICA

1979

PARAGUAY

This preliminary version of the Economic Survey of Latin America, 1979 is being distributed in 27 separate parts: an Introduction of a general nature, bearing the symbol E/CEPAL/R.227, and 26 Addenda to this document, each containing a study of the economic development of a country of the region. These Addenda will not appear in alphabetical order, but in order of completion. The complete Survey will be published in the usual printed version when the comments arising out of this preliminary version have been collected.

80-4-611

PARAGUAY

1. Recent economic trends: Introduction and summary

The rate of growth was high in 1979, reaffirming the trend observed since 1973, when Paraguay began to exceed its then traditional annual rate of expansion of around 4%. The 9% increase in the gross domestic product, although substantial, however, represented a slight slowing in the pace of economic growth, which had reached its maximum in 1977 with 12% and in 1978 with slightly over 10%. The per capita product rose by nearly 6%, and was exactly double that of 1970 (see table 1).

Gross income was 8% higher than in 1978 despite a deterioration of nearly 10% in the terms of trade. This increase was the same as that recorded in 1978.

All the sectors of production significantly increased their activity, although except for mining and transport all reduced their rate of growth. This is to be explained by both general and sectoral causes. While the investment coefficient had experienced a sustained increase since 1973, reaching 34% in 1979, the product had grown increasingly slowly, due no doubt to the smaller yield from investment, the policies aimed at containing inflation, and climatic factors.

The construction sector continued to be the main basis of growth. Its product increased by 30% for the third year running, and in absolute figures was five times that of 1970.

The level of prices rose by 36% between December 1978 and December 1979, the annual average increase for the year being 28%. This was three times the averages for 1977 and 1978, reflecting a serious outbreak of inflation. Among the main causes of this phenomenon were monetary expansion - the pace of which was several times higher than the increase in production -, international inflation, and conjunctural restrictions on the supply of certain foodstuffs. The Government's reaction was to slow the growth of money by raising the legal reserve level in the commercial banks and by adopting a surplus-oriented fiscal policy, among other measures, the results of which were felt in the second half of the year. This policy of constraint affected the pace of economic growth to some extent.

As regards

As regards employment, the unemployment rate continued to drop and sank to only 2.6%. Although the traditional indexes of real wages and salaries do not show clear trends, there are indications of a genuine improvement in wages and salaries, which was to be expected in view of existing pressure on the labour market.

The value of exports rose by 18%, while that of imports grew by 42%. Since the trade account was already showing a deficit in 1978, the increased growth of imports simply aggravated the current account deficit. The inflow of capital, however, was more than sufficient to finance this deficit, and the result was that international reserves soared to around US\$ 580 million: a sum equivalent to nearly 9 months' imports of goods and services. Most of the inflow of capital (90%) was long-term and went into the private sector.

2. Trends in economic activity

(a) Global supply and demand trends

Global supply increased by 11% in 1979, i.e., slightly less than the previous year. This is to be explained by the smaller growth of the gross domestic product, since imports increased at the same pace as in 1978 (see table 2). The great increase in imports is worthy of note: their value as a proportion of the gross domestic product climbed from 16% in 1978 to nearly 27% in 1979, and in absolute terms, imports in 1979 were 3.2 times those of 1970.

As regards global demand, there was a considerable increase in consumption, especially private consumption, which increased by nearly 14%, thus continuing the trend observed since 1977. Although general government consumption has increased substantially, it has only risen in line with the higher revenue received, which has been reflected in successive fiscal surpluses.

Investment showed a greater real increase than that of the product, as has been the case since 1973, when the investment coefficient rose from the 1972 figure of 14% to over 16%. In 1979 it reached 33%, thus doubling that of 1970 and becoming the highest in Latin America.

/ (b) Growth

(b) Growth of the main sectors

The global gross domestic product increased by 9% and all the sectors without exception grew by varying amounts, ranging from 5.5% in industry to 42% in mining. Basic services recorded the very high growth rate of over 14%, while the production of goods and non-basic services increased by nearly 9%. Even so, however, the rate of growth of the total product in 1979 failed to match that of the two previous years (see table 3).

The sectors which contributed most to the increase in the product were commerce and construction, owing to the direct influence of the construction of the Itaipu dam begun in 1976. With the exception of mining and transport, all sectors recorded lower growth rates, which makes the slowing-down look more like a general phenomenon, rather than one attributable to specific sectors. In particular, the policy designed to contain inflation should be borne in mind, since in slowing the rate of growth of money it also tended to restrict the growth of the economy.

(i) Agriculture. This sector grew by nearly 6% in 1979, reaffirming the upward trend it has been registering since 1973. In seven years agricultural production has increased by 60%, representing an average annual rate of growth of nearly 7%: unusually high for this sector over such a long period. This boom, together with the land settlement and agricultural development policy, has succeeded in practically halting the process of rural-urban migration: an exceptional achievement when compared to what has happened in other countries.

Production in the sector, for which only preliminary information is available, was adversely affected by poor climatic conditions (see table 4), and better results were prevented by periods of drought alternating with floods caused by intense rain.

Cotton production appears to have been hard hit by the weather conditions and to have slumped by 17%. Despite this deterioration in 1979, however, cotton was one of the products of greatest growth in the decade as a whole, and its present level of activity is six times that of 1970.

/Soya beans

Soya beans and maize showed increases of around 65% after an 11% drop in production in 1978. Soya beans were undoubtedly the crop which showed the most spectacular increase, since the output of this item in 1979 was nearly 14 times greater than in 1970.

Output of wheat - the only agricultural product whose price is protected to promote production - increased by nearly 37%, as in 1978.

In the stock-raising sector, according to the information available, an increase of almost 4% was recorded in the production index, while the number of livestock remained almost unchanged.

(ii) Construction. Since the beginning of the work on the Itaipú dam in 1976, this sector has constituted the most dynamic element in the economy. Since 1977 it has maintained an annual growth rate of 30%, and this situation has had favourable repercussions on the other sectors, both in terms of the direct demand for inputs which it generates and the indirect demand caused by the employment of substantial contingents of workers. At the present time, around 16,000 Paraguayans are employed in building the dam, which is equivalent to 30% of the population employed in the construction sector. Itaipú absorbed in 1979 approximately 40% of gross domestic investment, which in turn constituted 34% of the gross domestic product. These figures by themselves show the effect of this construction work on the Paraguayan economy. Since it will only be completed towards the end of the 1980s, and the construction of the Yacyretá dam has already begun, while a third dam is projected in the locality of Corpus, the level of activity in construction will probably be maintained, and the sector will continue to uphold the country's growth to a large extent.

In addition to the activity described, work was begun on the construction of a runway at El Chaco, at a cost of US\$ 12 million, and plans were made for the building of an international airport at Ciudad Presidente Stroessner, at an estimated cost of some US\$ 80 million.

International financing has been obtained for the building of 180 kilometre highway linking Pirapó and Ciudad Presidente Stroessner, and for 500 kilometres of rural roads.

/(iii) Other

(iii) Other sectors. The mining sector stands out among the other sectors of the economy; although small, it grew at a rate of 42% in 1979. Various foreign enterprises are engaged in prospecting for uranium, while others are concentrating on bauxite.

Basic services increased their growth rate. Transport, in particular, received a strong boost in the form of Japanese credits for the purchase of vessels for river and deep-sea navigation. Anticipating the future supply of electricity, studies exist for the expansion and electrification of the railway system. International credit has also been obtained for improving the drainage system.

Electricity, gas and water showed a growth rate of nearly 18%. Such growth is already traditional in this activity, which in the last 15 years has been shooting up at the exceptional rate of nearly 17%.

Commerce, finance and other services grew at a similar rate to the economy as a whole. Lastly, industry grew by 5.5%, which is a lower rate than that recorded in previous years.

(c) Employment and wages

As is natural, the rapid economic growth has had repercussions on the labour market. The figures available indicate low and decreasing unemployment, the rate being 2.6% in 1979. While the labour force grew by nearly 12% in the last three years, employment rose by over 13% and unemployment dropped in both relative and absolute terms (see table 5).

Despite the low level of breakdown of the available figures it can be said that in relative terms the share of the agricultural sector in total employment has gradually sunk from 51% in 1975 to 46% in 1979, the difference being largely absorbed by construction and industry.

In nominal terms, wages and salaries rose by nearly 24% in 1979, but in terms of constant value currency they dropped by over 3% (see table 6). However, it is important to note that the downward trend of wages and salaries observed since 1970 was checked in 1976 and since then has maintained an index value of between 85 and 89 (1970 = 100). Moreover, other indications appear to support the impression that real wages have improved more than can be seen from the wage index. Surveys in Asunción and reports from the agricultural sector would appear to confirm this, and indeed this is to be expected in view of the rapid growth of the economy and its effects on employment.

/When the

When the wage and salary index is broken down by sectors, a larger increase is to be seen in the wages and salaries paid in construction and industry: a phenomenon which seems perfectly logical when it is considered that recently these have been the most dynamic activities in terms of absorption of the labour force. Nominal wages in 1978 were 2.4 times those of 1970 in construction, while in industry they were double the earlier level. However, in the other sectors nominal wages and salaries were only 1.9 times those of 1970.

3. The external sector

The trade situation between Paraguay and the rest of the world in 1979 maintained the same trends as in previous years. With a fixed exchange rate and a substantial inflow of external credit, the trade balance and the current account recorded mounting deficits which were however, more than offset by the inflow of capital, so that the balance of payments showed a surplus. The value of total imports grew by 42%, confirming the strong upward trend which appeared in 1974. The value of exports of goods and services increased by nearly 18%, which, together with the performance of imports, shows the greater openness of the Paraguayan economy to external trade. Thus, exports plus imports accounted for nearly 47% of the gross domestic product in 1979, whereas in 1970 they only accounted for 31%.

(a) Merchandise exports

In 1979 the value of exports of goods increased by approximately 19%. While their unit value grew by 7%, their volume increased by over 11%, a trend which has been observed since 1976 (see table 7).

The items in which most growth was observed were soya beans and timber, sales of which increased by 95% and 108% respectively. In contrast, owing to the climatic difficulties already mentioned, the volume of cotton exports stagnated and the value of exports of livestock products dropped by 63%, despite the substantial rise in the international price of meat (see table 8).

/Exports of

Exports of tobacco have shown a persistent tendency to drop, since farmers have been ceasing to grow this item because of the decline in international demand for black tobacco. This crop is apparently being replaced by cotton.

The change in the structure of Paraguayan exports is noteworthy. Traditional exports, which in 1970 accounted for more than 66% of the total, formed less than 27% of total exports in 1979, while products such as cotton and soya beans, which together accounted for less than 9% of exports in 1970, increased their share to 59% in 1979 (see table 8). Thus, in the space of a few years the "traditional" exports ceased to be traditional. It is interesting to observe the capacity of response of agricultural supply to changes in international prices, which mainly explain this transformation in the production structure of the sector.

(b) Imports of goods

Imports of goods grew by around 44% in 1979, continuing the trend observed since 1973. This growth corresponded to an increase of nearly 21% in volume and a rise of approximately 19% in unit value (see table 7). Mounting private consumption, together with the growing investment in fixed capital, are the factors which most influenced this large increase. The enormous impact of the rise in oil prices should not be ignored, this being entirely responsible for the increase in the value of imports of this product (see table 9).

Among the imports which grew most in 1979 were intermediate goods. A large proportion of this increase can be explained by imports of iron, which grew by 110%, textiles, which went up by 40%, and oil, which rose by nearly 47%. Imports of consumer goods increased by 47% and imports of capital goods by 23%, basically because of the 48% rise in machinery imports.

(c) The terms of trade

The terms of trade deteriorated by nearly 10% in 1979, after having fallen by over 11% in the previous year. Thanks to the increases recorded in the early years of the decade and especially in 1977, however, the terms of trade index was 11% higher in 1979 than in 1970 (see table 7).

/In 1979,

In 1979, both export and import prices rose, although the latter did so to a larger extent, basically because of the rise in the price of petroleum and its products. In the case of exports, some instability might have been expected in view of their eminently agricultural nature, but in 1979 there was an increase in the prices of the main export products - cotton, soya beans, timber and meat - and this was reflected in the unit value of exports, which grew by 7%.

(d) The balance of payments and indebtedness

In 1979 a trade deficit was recorded once again. In view of the tendency towards a greater relative expansion of imports observed in recent years, the trade deficit has also tended to grow bigger. In addition, there has been a gradual increase in net factors payments abroad, and this contributed to a deficit on current account (see table 10).

On the capital account, however, there was a large surplus. In 1979 the inflow of long-term capital increased by 95% compared with the previous year, while the inflow of short-term capital fell by 50%. The greater part of the long-term credit went to the private sector, thus substantially decreasing the proportion of short-term credit contracted by it.

The global balance of payments registered a surplus slightly below that achieved in 1978. This, together with the favourable balances recorded in previous years, permitted the accumulation of international reserves of US\$ 580 million, equivalent to nearly nine months' imports of goods and services.

The total external debt has continued to increase, although at an irregular rate. Thus, while in 1978 it grew by 29%, in 1979 it increased by approximately 10%. The ratio of the guaranteed to the non-guaranteed debt increased in these two years after fluctuating between 1974 and 1977 (see table 11). The relation between debt servicing and exports has also fluctuated, ranging from 12.5% to 17%.

It may be noted in conclusion that the inflow of mostly long-term capital (90% of the total inflow) was a good indicator of a low level of vulnerability in the payments situation.

4. Prices and monetary and fiscal policy

(a) Trends in domestic prices

The increase in consumer prices in 1979 was approximately 36%, measured from December to December. Compared with previous years, this figure indicates a markedly bigger inflationary tendency, since in 1977 prices rose by only slightly over 9%, and in 1978 by nearly 17% (see table 12).

A detailed analysis of the consumer price index shows that miscellaneous expenditure and food experienced the biggest increases (43% and 38%, respectively). In contrast, housing (20%) and clothing (30%) had price increases less than the average. There is not sufficient information available, however, to make a detailed analysis of the price behaviour of more specific items which would, for example, make it possible to compare goods which are and are not internationally tradeable.

There are various causes which explain the process of inflation observed in Paraguay. These include the growth of the economy itself, based largely on external savings which have taken the form of a massive inflow of capital and consequently a big increase in the money supply which has considerably exceeded the growth of the product and has put pressure on prices. In addition, the increase in international prices, particularly of petroleum, has directly influenced domestic prices.

(b) Monetary and fiscal policy

The money supply grew by nearly 25% in 1979. In the two previous years the corresponding growth rates were 32% and 39%, so that since 1977 the money supply has been increasing between three and four times as fast as the gross domestic product (see table 13).

The lower growth rate in 1979 was due largely to the efforts to keep it down through monetary policy and to fiscal discipline. The outbreak of inflation which began to appear in 1977, mainly as a result of the tremendous growth in the money supply, led to the drawing up of a restrictive monetary policy which began to be applied in mid-1979. At that time money had grown by nearly 33% compared with the first half of 1978, and it proved possible to reduce this increase to approximately 25% at the end of 1979.

As already noted, the main cause of these considerable increases in the money supply was the country's own economic growth, which, since it was financed to a large extent by external savings, has resulted in large increases in the international reserves (66% in 1977, 62% in 1978 and 38% in 1979). The other element of expansion, domestic credit, has also grown, but much slower than the international reserves (10% in 1977, 20% in 1978 and 28% in 1979).^{1/} While domestic credit to the private sector has increased at high rates, credit to the government has to an increasing extent been negative, thus constituting an element of monetary contraction (see table 13).

As regards factors of absorption, it is important to stress the great increase in deposits in foreign currency, which more than doubled in 1979, thus partly neutralizing the monetary effects of the increase in international reserves.

The main measures taken to slow the growth of the money supply were the increase in the legal reserves of the commercial banks and the restriction on deposits in commercial banks by autonomous State bodies, which restricted the elements of growth of the money supply.

^{1/} This last-mentioned figure corresponds to September 1979 compared with September 1978. In view of the restrictive measures adopted, the figure for the whole year will probably be lower.

The fiscal sector accounts showed a surplus, as had been increasingly the case since 1977 (see table 14). Total expenditure grew at rates of 13% in 1977, 19% in 1978 and 28% in 1979, but current income in those years grew at still higher rates, i.e., 37%, 30% and 29%, although in contrast to the tendency for expenditure to grow increasingly fast, the growth rate of revenue increases has tended to decline. Even so, however, the surplus grew by 41% in 1979.

In conclusion, it is important to note that the 30% increase in nominal tax revenue, when compared with the average inflation of 28% and the 9% growth of the gross domestic product, represented a reduction of nearly 7% in the real tax burden borne by the economy in 1979.

Table 1

PARAGUAY: MAIN ECONOMIC INDICATORS

	1974	1975	1976	1977	1978	1979(a)
A. Basic economic indicators						
Gross domestic product at factor cost (millions of dollars at 1970 prices)	1 042	1 094	1 177	1 315	1 451	1 582
Population (millions of inhabitants)	2.57	2.65	2.73	2.81	2.89	2.97
Per capita gross domestic product (dollars at 1970 prices)	405	413	432	469	502	532
B. Short-run economic indicators						
	<u>Growth rates</u>					
Gross domestic product	8.3	5.0	7.5	11.8	10.3	9.0
Per capita gross domestic product	5.3	2.0	4.4	8.6	7.1	5.9
Gross income (b)	6.8	3.5	7.7	14.8	8.8	8.1
Terms of trade	-11.8	10.9	4.3	26.3	-11.4	-9.9
Current value of exports of goods and services	38.9	1.4	17.6	63.6	13.6	17.6
Current value of imports of goods and services	56.5	19.0	2.0	47.4	25.5	41.9
Consumer prices						
December - December	22.0	8.7	3.4	9.4	16.8	35.7
Variation between annual averages	25.2	6.7	4.5	9.4	10.6	28.2
Money	21.0	17.9	21.1	32.3	39.3	24.6
Wages and salaries (c)	18.3	5.3	10.0	4.3	14.5	23.9
Rate of unemployment (d)	4.8	4.6	4.2	3.7	3.1	2.6
Current income of government	40.0	10.0	7.5	37.1	30.2	29.4
Total expenditure of government	30.4	24.6	22.6	13.1	19.3	28.1
Fiscal position /total expenditure of government (d)	8.9	-3.8	-15.6	2.4	11.6	10.2
C. External sector						
	<u>Millions of dollars</u>					
Trade balance (goods and services)	-45	-90	-59	-47	-107	-263
Balance on current account	-58	-95	-74	-64	-130	-298
Variation in net international reserves	30	22	46	107	180	167
External debt	272	332	455	518	669	733

Source: CEPAL, on the basis of official data.

(a) Preliminary figures.

(b) Gross domestic product plus terms-of-trade effect.

(c) Nominal wages and salaries.

(d) Percentage.

Table 2

PARAGUAY: TOTAL SUPPLY AND DEMAND

	Millions of guaraníes at 1970 prices			Percentage breakdown		Growth rates		
	1977	1978	1979(a)	1970	1979(a)	1977	1978	1979(a)
Total supply	147 484	165 600	184 485	116.1	126.6	15.6	12.3	11.4
Gross domestic product at market prices	121 225	133 703	145 742	100.0	100.0	11.8	10.3	9.0
Imports of goods and services	26 259	31 897	38 743	16.1	26.6	37.0	21.5	21.5
Total demand	147 484	165 600	184 485	116.1	126.6	15.6	12.3	11.4
Domestic demand	128 699	143 123	160 844	101.2	106.7	14.0	11.2	12.4
Gross domestic investment	38 591	44 560	49 208	14.7	33.8	22.7	15.5	10.4
Gross fixed investment	37 874	43 472	48 494	14.5	33.3	28.2	14.8	11.6
Construction	16 209	21 117	...	7.3	...	30.3	30.3	...
Machinery and equipment	21 665	22 355	...	7.2	...	26.7	3.2	...
Changes in stocks	717	1 088	714	0.2	0.5			
Total consumption	90 108	98 563	111 636	86.5	72.9	10.6	9.4	13.3
General government	8 129	9 087	9 814	9.0	6.7	3.7	11.8	8.0
Private	81 979	89 476	101 822	77.5	66.2	11.3	9.1	13.8
Exports of goods and services (b)	18 785	22 477	23 641	14.9	19.9	28.3	19.7	5.2

Source: CEPAL calculations on the basis of figures supplied by the Central Bank of Paraguay.

(a) Preliminary figures.

(b) The figures for exports and imports of goods and services were taken from balance-of-payments data expressed in dollars at current prices, which were converted to constant 1970 values, using price indexes calculated by CEPAL for the purpose.

Table 3

PARAGUAY: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST

	Millions of guaraníes at 1970 prices			Percentage breakdown		Growth rates		
	1977	1978	1979(a)	1970	1979(a)	1977	1978	1979(a)
Agriculture	35 504	37 639	39 831	34.3	29.3	9.4	6.0	5.8
Mining	502	576	818	0.1	0.6	24.1	14.8	42.1
Manufacturing	19 426	21 019	22 173	17.3	16.3	18.4	8.2	5.5
Construction	6 067	8 007	10 406	3.0	7.6	31.7	32.0	30.0
Subtotal goods	61 499	67 241	73 228	54.7	53.8	14.2	9.3	8.9
Electricity, gas and water	2 547	3 028	3 565	1.2	2.6	11.9	18.9	17.7
Transport, storage and communications	5 497	5 958	6 703	4.2	4.9	8.4	8.4	12.5
Subtotal basic services	8 044	8 986	10 268	5.4	7.5	9.5	11.7	14.3
Commerce, financial institutions and insurance	22 521	25 395	27 774	19.5	20.4	11.9	12.8	9.4
Real estate (b)	3 410	3 710	3 992	3.3	2.9	8.3	8.8	7.6
Community, social and personal services (c)	17 506	19 261	20 961	17.1	15.4	6.7	10.0	8.8
Subtotal other services	43 437	48 366	52 727	39.9	38.7	9.5	11.3	9.0
Total gross domestic product (d)	112 349	123 914	135 070	100.0	100.0	11.8	10.3	9.0

Source: CEPAL calculations, on the basis of figures supplied by the Central Bank of Paraguay.

(a) Preliminary figures.

(b) Refers to ownership of dwellings only.

(c) Also includes restaurants, hotels and business services.

(d) As the individual activities and the totals were calculated independently, the sum of the former does not correspond exactly with the latter.

Table 4

PARAGUAY: INDICATORS OF AGRICULTURAL PRODUCTION

	1976	1977	1978	1979(a)	Growth rates		
					1977	1978	1979
Index of agricultural production (1972 = 100)							
Crop farming	134	152	162	170	13.4	6.5	4.9
Stock-raising	123	128	133	138	4.1	3.9	3.8
Forestry	128	140	154	...	9.4	10.0	...
Production of the main crops (thousands of tons)							
Cotton	105	227	284	235	116.2	25.1	-17.3
Rice	52	69	58	57	32.7	-15.9	-1.7
Wheat	27	28	38	52	3.7	35.7	36.8
Cassava	1 736	1 752	1 838	1 888	1.0	4.9	2.7
Maize	344	400	355	584	16.3	-11.3	64.5
Soya beans	280	376	333	550	34.3	-11.4	65.2
Index of number of livestock (1972 = 100)	108	109	110	110	1.2	0.6	0.4

Source: CEPAL, on the basis of official data.

(a) Preliminary figures.

Table 5

PARAGUAY: EMPLOYMENT AND UNEMPLOYMENT

	1977	1978	1979
Rate of unemployment			
National	3.7	3.1	2.6
Indexes			
Labour force	100.0	105.8	111.9
Employment (a)	100.0	106.4	113.2
Unemployment (a)	100.0	89.2	78.4

Source: CEPAL, on the basis of official data.

(a) Estimated on the basis of the labour force index and the unemployment rate.

Table 6

PARAGUAY: EVOLUTION OF WAGES AND SALARIES

	1973	1974	1975	1976	1977	1978	1979
Indexes (1970 = 100)							
Nominal wages and salaries							
General index	118	139	146	161	168	192	238
Industry	121	146	148	162	168	192	...
Construction	128	162	162	186	212	237	...
Electricity, gas and water	108	128	139	154	170	188	...
Commerce	115	155	168	170	171	189	...
Transport and communications	111	123	142	157	163	184	...
Tourism and domestic services	126	123	142	157	163	184	...
Real wages and salaries							
General index	91	86	85	89	85	88	85
Growth rates							
Nominal wages and salaries	9.0	18.3	5.3	10.0	4.3	14.5	23.9
Real wages and salaries	-6.3	-5.5	-1.2	5.2	-4.6	3.5	-3.3

Source: CEPAL, on the basis of official data.

Table 7

PARAGUAY: MAIN FOREIGN TRADE INDICATORS

	1974	1975	1976	1977	1978	1979(a)
<u>Growth rates</u>						
Exports of goods (FOB)						
Value	35.1	2.0	13.2	62.3	8.1	18.9
Volume	3.8	1.8	13.5	20.4	18.5	11.2
Unit value	30.1	0.2	-0.3	34.8	-8.9	7.0
Imports of goods (FOB)						
Value	55.8	14.6	4.0	52.4	19.9	43.5
Volume	5.7	1.8	8.8	42.8	16.6	20.9
Unit value	47.5	12.5	-4.4	6.8	2.9	18.8
Terms of trade	-11.8	-10.9	4.3	26.3	-11.4	-9.9

Indexes (1970 = 100)

Terms of trade	119.2	106.1	110.7	139.8	123.8	111.5
Purchasing power of exports of goods	143.9	130.3	154.3	234.6	246.1	246.4
Purchasing power of exports of goods and services	134.2	121.9	145.6	221.7	243.6	246.4

Source: CEPAL, on the basis of official data.

(a) Preliminary figures.

Table 8

PARAGUAY: EXPORTS OF GOODS, FOB

	<u>Millions of dollars</u>				<u>Percentage breakdown</u>		<u>Growth rates</u>		
	1976	1977	1978	1979(a)	1970	1979	1977	1978	1979(a)
Main traditional exports	68	91	78	82	66.4	26.8	33.8	-14.3	5.1
Livestock products	24	28	32	12	26.7	3.9	16.1	14.2	-62.9
Timber	12	20	20	42	19.8	13.8	64.1	5.9	107.6
Tobacco	15	14	9	8	9.0	2.8	-7.0	-32.3	-7.6
Vegetable oils	17	29	17	19	10.9	6.3	70.3	-42.7	13.7
Main non-traditional exports	69	139	142	180	8.6	59.0	101.4	2.2	26.8
Cotton fibre	35	81	100	99	6.3	32.3	132.6	24.3	-1.4
Oilseeds (soya beans)	34	59	42	81	2.3	26.7	72.3	-29.2	95.4
Other exports	45	49	37	44	25.0	14.2	8.5	-24.0	17.8
Total	182	279	257	305	100.0	100.0	53.3	-7.9	18.8

Source: CEPAL, on the basis of official data.

(a) Preliminary figures.

Table 9

PARAGUAY: IMPORTS OF GOODS, FOB

	<u>Millions of dollars (a)</u>			<u>Percentage breakdown</u>		<u>Growth rates</u>		
	1977	1978	1979	1970	1979	1977	1978	1979
Consumer goods	45	60	88	25.5	20.3	17.9	33.3	47.1
Foodstuffs	13	14	20	9.8	4.6	-10.3	13.4	38.9
Beverages and tobacco	20	29	42	10.2	9.6	31.2	48.0	43.4
Chemicals and pharmaceuticals	13	16	26	5.5	6.1	39.9	30.4	60.7
Intermediate goods	75	93	141	26.6	32.7	20.3	24.9	51.0
Petroleum and fuels	43	60	88	9.6	20.3	12.4	39.9	46.8
Paper, cardboard and manufactures thereof	7	7	9	3.3	2.0	45.2	-	22.5
Textiles and textile manufactures	6	7	9	5.0	2.2	67.6	8.1	40.3
Iron and iron manufactures	15	15	31	5.3	7.2	21.3	-3.3	110.2
Base metals and manufactures thereof	4	5	4	3.4	1.0	17.3	44.4	-15.4
Capital goods	107	125	154	33.3	35.8	73.8	16.8	23.2
Transport equipment and accessories	41	60	63	14.0	14.7	76.2	47.7	5.3
Agricultural implements and accessories	10	11	11	2.4	2.6	139.0	7.1	5.7
Machinery, equipment and motors	57	54	80	16.9	18.5	64.4	-5.4	48.1
Miscellaneous	29	40	49	14.5	11.3	56.6	40.1	21.6
Total	255	318	432	100.0	100.0	41.7	24.4	35.9

Source: Central Bank of Paraguay, *Boletín estadístico*, December 1979.

(a) Approximate figures.

Table 10

PARAGUAY: BALANCE OF PAYMENTS
(Millions of US dollars)

	1974	1975	1976	1977	1978	1979(a)
Current account						
Exports of goods and services	207	210	247	404	459	540
Goods FOB (b)	173	176	200	324	350	416
Services	34	34	47	80	109	124
Transport	2	2	2	3	2	4
Travel	12	10	14	35	40	50
Imports of goods and services	252	300	306	451	566	803
Goods FOB (b)	198	227	236	360	432	620
Services	54	73	70	91	134	183
Transport	27	32	31	44	64	98
Travel	10	12	13	17	20	20
Net payments of profits and interest on foreign capital	-13	-14	-15	-16	-24	-35
Profits	-2	-2	-1	-2	-5	-6
Interest	-11	-12	-14	-14	-19	-29
Net private transfer payments	-	9	-	-1	1	-
Balance on current account	-58	-95	-74	-64	-130	-298
Capital account						
Net external financing (a+b+c+d+e)	58	95	74	64	130	298
a) Long-term capital	53	117	123	90	210	410
Direct investment	21	14	-12	17	22	35
Private sector	22	85	101	43	132	332
Loans	35	100	116	65	149	385
Amortization payments	-13	-15	-15	-22	-17	-53
Other liabilities and assets	-	-	-	-	-	-
Official sector	10	18	34	30	56	43
Loans	14	22	40	38	65	54
Amortizations payments	-4	-4	-4	-8	-9	-11
Other liabilities and assets	-	-	-2	-	-	-
Monetary authorities	-	-	-	-	-	-
b) Short-term capital	31	-5	-7	79	94	47
Private sector	41	-6	4	95	70	45
Official sector	-9	-3	-12	-	-	-
Monetary authorities	1	-2	-3	7	16	10
Errors and omissions	-2	6	4	-23	8	-8
c) Allocation of Special Drawing Rights (SDRs)	-	-	-	-	-	-
d) Official transfer payments	4	5	4	2	6	8
e) International reserves						
(minus sign indicates and increase)	-30	-22	-46	-107	-180	-167
Use made of IMF credit	-	-	-	-	-	-
Other liabilities	-1	-1	2	-	-	-
Monetary gold	-	-	-	-	-	-4
Special Drawing Rights (SDRs)	-	-	-	-	-	-4
IMF reserve position	-	-	-1	-1	-	-3
Foreign exchange and other assets	-29	-21	-47	-106	-180	-156

Source: 1974-1978, International Monetary Fund, Balance of Payments Yearbook, vol. 30;

1979, CEPAL, on the basis of official data.

(a) Preliminary figures.

(b) Including non-monetary gold.

Table 11

PARAGUAY: INDICATORS OF EXTERNAL INDEBTEDNESS
(Millions of dollars)

	1974	1975	1976	1977	1978	1979(a)
Total external indebtedness	272	332	455	518	669	733
Public debt and State-guaranteed private debt	226	267	383	432	532	574
Private debt not guaranteed by the State	46	65	72	86	137	159
Servicing of external debt	29	36	38	50	64	91
Amortization payments	20	24	25	34	43	57
Interest payments	9	12	13	17	22	34
Servicing of external debt, as a percentage of total exports	13.8	17.0	15.2	12.5	14.0	16.9

Source: CEPAL, on the basis of official data.

(a) Preliminary figures.

Table 12

PARAGUAY: EVOLUTION OF DOMESTIC PRICES

	1974	1975	1976	1977	1978	1979
<u>Variation from December to December</u>						
Consumer price index	22.0	8.7	3.4	9.4	16.8	35.7
Food	18.4	11.4	2.0	9.9	22.7	38.4
Housing	27.3	4.3	4.4	8.3	14.7	20.1
Clothing	20.0	9.7	5.3	10.0	12.0	30.4
Miscellaneous expenditure	28.0	4.8	5.2	8.6	5.9	43.2
Wholesale price index	21.8	11.4	-1.2	6.9	23.7	33.0
Agricultural products	15.0	28.3	-11.2	6.4	44.4	43.0
<u>Variation between annual averages</u>						
Consumer price index	25.2	6.7	4.5	9.4	10.6	28.2
Food	24.8	4.6	4.2	11.2	13.0	29.5
Housing	25.0	9.2	3.1	8.0	6.4	22.4
Clothing	20.8	13.2	5.9	7.5	11.7	23.2
Miscellaneous expenditure	28.7	7.5	5.5	6.7	7.6	31.3
Wholesale price index	30.5	15.2	1.1	8.0	12.8	26.3
Agricultural products	19.4	26.5	2.5	8.3	21.5	38.4

Source: Central Bank of Paraguay, Boletín estadístico, December 1979.

Table 13

PARAGUAY: MONETARY BALANCE

	End year balance (millions of guaraníes)				Growth rates		
	1976	1977	1978	1979(a)	1977	1978	1979(b)
Money	21 590	28 574	39 812	48 136	32.3	39.3	30.9
Currency outside banks	10 287	13 344	18 692	21 773	29.7	40.1	35.6
Demand deposits	11 303	15 230	21 120	26 363	34.7	38.7	27.3
Factors of expansion	51 991	68 591	96 778	121 395	31.9	41.1	37.1
Foreign assets (net)	20 494	33 933	55 069	72 881	65.6	62.3	44.3
Domestic credit	31 497	34 658	41 709	48 514	10.0	20.3	27.6
Government (net)	422	-1 995	-6 999	-13 040
Official entities	3 119	2 687	2 785	3 134	-13.9	3.6	20.5
Private sector	27 956	33 966	45 923	58 420	21.5	35.2	42.7
Factors of absorption	30 401	40 016	56 967	73 258	31.6	42.4	41.5
Quasi-money (savings and time deposits)	24 159	31 576	38 682	46 957	30.7	22.5	22.8
Long-term foreign borrowing	189	551	403	370	191.5	-26.9	4.2
Foreign currency deposits	3 809	4 480	5 475	11 096	17.6	22.2	123.3
Other items (net)	2 244	3 409	12 407	14 835	51.9	263.9	81.1

Source: International Monetary Fund, International Financial Statistics.

(a) At the end of September of each year.

(b) September 1979, compared with September 1978.

Table 14

PARAGUAY: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

	Millions of guaraníes				Growth rates		
	1976	1977	1978	1979(a)	1977	1978	1979(a)
Current income	19 244	26 379	34 333	44 432	37.1	30.2	29.4
Tax revenue	16 871	23 492	30 334	39 394	39.2	29.1	29.9
Direct	3 644	4 662	6 719	...	27.9	44.1	...
Indirect	6 710	9 299	11 593	...	38.6	24.1	...
On foreign trade	6 517	9 530	12 022	...	46.2	26.2	...
Current expenditure	16 157	18 553	21 616	...	14.8	16.5	...
Wages and salaries	7 326	8 529	10 125	...	16.4	18.7	...
Other current expenditure	8 832	10 024	11 491	...	13.5	14.6	...
Saving on current account	3 086	7 826	12 717	...	155.1	62.5	...
Capital expenditure	6 659	7 246	9 160	...	8.8	26.4	...
Real investment	5 872	6 051	7 887	...	3.1	30.3	...
Total expenditure	22 816	25 799	30 776	39 412	13.1	19.3	28.1
Fiscal surplus	-3 569	579	3 557	5 020

Source: Central Bank of Paraguay, Boletín estadístico, December 1979.

(a) Preliminary figures.

